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No. 86/56

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TO COUNTY ASSESSORS:

N.A.D.A. MOBILEHOME MANUFACTURED HOUSING APPRAISAL GUIDE

Revenue and Taxation Code Section 5803(b) recognizes the N.A.D.A. Appraisal Guide as one of the value guides the assessor shall consider; 1986 brought several changes to the N.A.D.A. Guide, including a slightly larger and more readable format. The appraiser using the Guide might not notice some of these changes if he or she does not read the introductory or explanatory sections or the instruction manual. Most significant is the elimination of the "NADA 3-Foot Rule".

Enclosed is a brief explanation of the changes and a discussion of how the system works. You may want to give a copy of this material to those persons on your staff responsible for mobilehome appraisals. For more detailed instruction, the next California session of the National Appraisal System's seminar on the appraisal of mobilehomes and manufactured housing utilizing the modified cost approach (and the N.A.D.A. Appraisal Guide) and the market (sales comparison) approach will be held in Irvine in February, 1987. For the complete details write Vince Pulsipher at P.O. Box 7800, Costa Mesa, CA 92628, or call him at (714) 556-8511 or (800) 824-0259.

There has been insufficient demand for the Board to resume the mobilehome appraisal workshops that were last given in 1983. They could be revived if enough interest was shown.

Sincerely,

Verne Walton

Verne Walton, Chief
Assessment Standards Division

VW:wpc
Enclosure
AL-05-3158A

N.A.D.A.

Mobilehome Manufactured Housing Appraisal Guide

A number of changes have been made to the N.A.D.A. Mobilehome Manufactured Housing Appraisal Guide for 1986. Probably the most significant is the elimination of the "NADA 3-Foot Rule", but other changes have been made of which the user of the guide should be aware. Here is a summary of the changes and an explanation of how they fit into the system.

Regional Cross Index

The cross index (gray section), or manufacturer/series index, is now organized by regions. California (state code CA) is in the Pacific region (regional code PA) which, in the May through August 1986 Appraisal Guide, is on pages 245 through 272 of the gray section. Assume the appraiser wanted to locate an "Imperial" built by Fuqua Homes--it would be found on page 257 of the gray section, and the appraiser would be directed to Part 1 (the white section), page 193. On page 193 of Part 1, the proper grade quality charts for "Imperial" 12-foot single-wides and 20-foot double-wides in California, as well as 24-foot double-wides in the Pacific region, are listed.

If the particular home is not listed in the Pacific region, do not use listings in the main white section...instead use the Supplemental Value Section (S.V.S.) at the back of the white section. For instance, looking under the manufacturer Skyline (starting on Part 1, page 431, of the May 1986 Appraisal Guide), there is not a "Cadet" listed (on page 446) for the Pacific region. Turn then to the S.V.S. starting on page 572 of the white section (Part 1). After reading the explanation and instructions, the appraiser must decide whether the "Cadet" falls into the Unique, Deluxe, Standard, or Austere category of general construction quality. After selecting the proper category, the appraiser uses the year and width to find the proper grade quality chart. For example, assume a 1980 12-foot single-wide Cadet falls into the Standard category--the proper grade quality chart would range from 217 to 227 (222+5); the appraiser might determine that this "Cadet" is at the lower end of the value range, and use grade quality chart 225 in Part 2 (the yellow section) to find the average retail book value of the "Cadet" in California.

Size Measurement

Prior to 1986 the N.A.D.A. Appraisal Guide values were based upon gross (maximum) dimensions, including tow bar or hitch assemblies and roof eave overhangs. When the appraiser only had the actual net dimensions at floor level, the old method was to add three feet to the length for the tow bar assembly...this was the "NADA 3-Foot Rule".

Since the January 1986 edition, the Part 2 (the yellow section) values are based upon the overall net exterior floor level width (excluding the roof overhang of any eaves) and overall net exterior floor level length (excluding the tow bar or hitch length and any roof overhang at the ends). These outside

floor level measurements are rounded to the nearest foot. Widths are rounded using the industry tradition of even-numbered feet (8', 10', 12', 14', 16', 20', 24', 28', 34', and 36')...for instance, a mobilehome which measures 11'4" wide at ground level would be labeled a 12'-side in the manufactured housing industry.

The instructions for widths not listed in Part 1 (the white section) have not changed...use the most similar width shown, but do not mix single-wides and multi-wides when determining grade quality. When appraising a single-wide, and only multi-wides are listed for the region, or visa versa, the Supplemental Value Section is used instead. (The set-up costs for a single wide are less than for a multi-wide, and therefore, the average retail book values will be less). Two examples follow.

There is no listing for a 14-foot single-wide Lancer "Lancer" in California or the Pacific region (Part 1, page 287, May 1986 edition), so find the proper grade quality chart for a 12-foot wide Lancer in the Pacific region, and use that. (For a 1934 "Lancer" the correct chart would be 166.)

There is no listing for a 20-foot double-wide Westlake Homes "Westlake" (Part 1, page 536)--only a listing for a 12-foot wide. Turning to the S.V.S. (starting on page 572 of Part 1), the appraiser reads the explanation and instructions and may determine that the Austere specifications fit the 1930 "Westlake", the proper grade quality chart would range from 233 to 244 (241+3). The appraiser might estimate that the Westlake's value is at the upper end of the range, and use grade quality chart 240 in Part 2 (the yellow section) to find the average retail book value of the "Westlake" in California.

Condition/Component Adjustments

The proper use of the Condition/Component Adjustments Charts (starting on page 29 of Part 3 (the "green" section, May 1986 edition) has changed only slightly. They should still only be used by those offices which use the "Appraisal System", which includes the three-times-a-year Appraisal Guide and the annual Worksheet. The Condition/Component Adjustment Charts adjust not only for condition (excellent, good (average), fair, and poor) but also for components. After the condition/component adjustment is applied, the value reflects a basic mobilehome with only the following components:

- Running gear, including frame, axle with hubs, wheels with tires, and tow bar
- Galvanized steel metal roof
- Vertical corrugated pattern metal siding
- One main entrance door and one exterior back door
- Standard windows and screens, including fire egress types
- No bathrooms (prior to 1986 one full bath was included)
- Main electrical breaker box (up to 100 ampere)
- Standard carpeting in living room, hall, and master bedroom
- Standard rods, drapes, shears, and curtains

The "conditioned" mobilehome is unfurnished and has no:

- Baths
- Furnace
- Water heater
- Range
- Refrigerator

Those offices which are using only the Appraisal Guide, and are not using the "Appraisal System", should not use the Condition/Component Adjustment Chart in Part 3. If only the Appraisal Guide is being used, the appraiser obtains a base unadjusted average retail book value from Part 2 (the yellow section). This value represents a set-up mobilehome in average condition with the following components:

- Running gear, including frame, axle with hubs, wheels with tires, and tow bar
- Standard exterior doors and windows
- Bath(s)
- Furnace
- Water heater
- Standard carpeting in living room, and master bedroom
- Drapes and curtains
- 30" freestanding/drop-in range
- 12 cubic foot refrigerator
- Factory furniture pack in some market areas

This value does not include any value attributable to the particular site where the mobilehome is located which would make the sales price of the mobilehome at that location different from its price at some other location.

This average retail value may be adjusted using Part 2 for original factory built room options (expandos, tipouts, roll/pullouts, fold-outs, and tag-a-longs) and using Part 3 for optional components (such as upgraded kitchen appliances, carpets, and drapes), accessories (such as porches and enclosure rooms, patio and carport awnings, skirting, central air conditioning, and storage buildings), and additives (such as upgraded structure, upgraded insulation, wind tie-downs, earthquake supports, and foundations). These optional equipment values can be added using the work pad provided with the Appraisal Guide, or by using a worksheet similar to the one handed out during the State Board of Equalization's 1983-84 mobilehome workshops and included on pages 11 and 12 of its special topic survey on the assessment of mobilehomes which was published in July 1985.

Older Homes

The proper use of the conversion charts for homes over 14 years old remains the same. The instructions, however, are easier to understand than when this chart was first introduced in 1983.

Current Year Models and New Mobilehomes

Instructions on adjusting for new manufactured houses are found in the explanation to the Condition/Component Adjustment Charts in Part 3 (the "green" section)...on page 29 in the May 1986 edition.